

Message Text

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PAGE 01 ABIDJA 04025 220957Z

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FM AMEMBASSY ABIDJAN

TO DEPT OF TREASURY

INFO SECSTATE WASHDC 3080

AMEMBASSY MASERU

UNCLAS ABIDJAN 4025

DEPT PASS NAC AGENCIES

EO 11652: N/A

TAGS: AFDF AFDB EFIN EAID

SUBJ: PROPOSED AFDF LOAN TO FINANCE MASERU

WATER SUPPLY PROJECT IN LESOTHO

1. SUMMARY: AFDF MANAGEMENT PROPOSES 5 MILLION FUND UNIT OF ACCOUNT (FUA EUQAL TO US\$1,11) LOAN TO GOVERNMENT OF KINGDOM OF LESOTHO TO FINANCE PORTION OF MASERU WATER SUPPLY PROJECT. PROJECT INCLUDES A) NEW RAW WATER STORAGE RESERVOIR AND INTAKE; B) EXTENSION TO AN EXISTING TREATMENT PLANT; C) EXTENSION OF DISTRIBUTION NETWORK INCLUDING NEW SERVICE RESERVOIRS AND PUMPING INSTALLATIONS. TOAL COST OF PROJECT ESTIMATED AT 6.3 MILLION FUA TO BE COFINANCED BY AFDF AND GOL.

2. AFDF DOC BD/77/33 AND ATTACHMENTS DESCRIBING LOAN POUCHED TO ADDRESSEES APRIL 21. BOARD CONSIDERATION SCHEDULED FOR APRIL 29.

3. AFDF MANAGEMENT PROPOSES 5 MILLION FUA LOAN TO GOVT OF LESOTHO TO FINANCE PORTION OF COST OF A) CONSTRUCTION OF A PUMPING STATION OF THE CALEDON RIVER; B) A 300 MM RISING MAIN
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 ABIDJA 04025 220957Z

FROM THE PUMPING STATION TO A RAW WATER RESERVOIR AT MAQALIKA; C) A DAM TO CREATE THE RESERVOIR AT MAQALIKA; D) A PUMPING STATION DOWNSTREAM OF THE MAQALIKA DAM WITH 400 MM RISING MAIN TO THE WATER TREATMENT WORKS; E) TWO SERVICE RESERVOIRS TO STORE TREATED WATER; F) PART OF THE DISTRIBUTION NETWORK CONSISTING OF BOTH MAINS AND RETICULATION AND ASSOCIATED PUMPING STATIONS; G) PREPARATION OF DETALED ENGINEERING

DESIGNS AND TENDER DOCUMENTS; H) ENGINEERING SERVICES FOR SUPERVISION OF CONSTRUCTION. AFDF 5 MILLION FUA LOAN WILL FINANCE 79 PERCENT OF PROJECT COSTS INCLUDING 94 PERCENT OF FOREX COMPONENT. LOCAL COSTS FINANCING FROM AFDF LOAN EQUAL TO 156 THOUSAND FUA. GOL TO FINANCE 289 THOUSAND FUA IN FOREX COSTS; 1 MILLION FUA IN LOCAL COSTS. COST ESTIMATES INCLUDE 12 PERCENT ALLOWANCE FOR PRICE ESCALATION. GOL TO MEET COST OVERRUNS. AFDF LOAN PROPOSED AT 50 YEARS AMORTIZATION INCLUDING TEN YEARS GRACE, 0.75 PERCENT SERVICE CHARGE. GOL TO BE BORROWER; WATER AND SEWERAGE DIVISION, MINISTRY OF WORKS, TO BE EXECUTING AGENCY.

4. THE SECOND FIVE YEAR DEVELOPMENT PLAN OF LESOTHO FOR THE YEARS 1975-80 PROPOSED A STUDY OF MASERU WATER SYSTEMS AND FUTURE REQUIREMENTS. THE AFDF FINANCED STUDY UNDER A SWEDISH GRANT WHICH WAS COMPLETED IN 1976. THE PROPOSED PROJECT WHICH REPRESENTS IMPLEMENTATION OF THE FIRST PHASE OF THE REPORT'S RECOMMENDATIONS IS EXPECTED TO MEET THE CITY'S NEEDS THROUGH 1984. MASERU IS THE CAPITAL OF LESOTHO AND THE CENTER OF MOST COMMERCIAL AND INDUSTRIAL ACTIVITIES. THE TOWN IS SITUATED ON THE EASTERN BANKS OF THE CALEDON RIVER, WHICH FORMS THE BOUNDARY OF LESOTHO AND THE REPUBLIC OF SOUTH AFRICA. MASERU'S WATER SUPPLY IS DRAWN FROM THE CALEDON RIVER AND FROM SPRINGS WHICH SUPPLY THE EASTERN DISTRICT OF THE TOWN. THE SEBABOLENG RESERVOIR SITUATED ON THE EAST SIDE OF MASERU WAS CONSTRUCTED IN 1967 TO PROVIDE A RESERVE STORAGE FACILITY OF 568,000 M3 CAPACITY. DURING PERIODS OF LOW OR ZERO FLOW IN THE CALEDON RIVER, UNTREATED WATER IS PUMPED FROM THE RESERVOIR TO THE TREATMENT FACILITIES.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 ABIDJA 04025 220957Z

THE TREATMENT FACILITIES HAVE A CAPACITY OF APPROX 9,100 M3 PER DAY. THE ORIGINAL FACILITY WAS COMPLETED IN 1950 AND EXPANDED OVER THE YEARS, REACHING ITS CURRENT CAPACITY IN 1974.

5. SINCE INDEPENDENCE IN 1966, THE POPULATION OF MASERU HAS RISEN FROM APPROXIMATELY 15,000 TO THE PRESENT FIGURE OF 27,000, REPRESENTING AN ANNUAL GROWTH RATE OF 6 PERCENT. THE COUNTRY'S BUREAU OF STATISTICS HAS COMPLETED STUDIES WHICH INDICATE THAT THE TOWN'S POPULATION WILL CONTINUE TO GROW AT A RATE OF 6 PERCENT, REACHING A FIGURE OF 110,000 BY THE YEAR 2000. INDUSTRIAL AND COMMERCIAL DEVELOPMENT IS EXPECTED TO KEEP PACE WITH POPULATION GROWTH. PRESENT PLANS INCLUDE CONSTRUCTION OF A WOOL AND MOHAIR SCOURING PLANT, AN ABATTOIR, A POULTRY PROCESSING PLANT, A TANNERY, AND A BREWERY. THE GROWTH OF TOURISM, GOVERNMENT INSTITUTIONS AND EDUCATIONAL FACILITIES IS ALSO EXPECTED TO GROW PROPORTIONATELY. CURRENTLY, THE TOWN'S WATER SUPPLY CAPACITY EXCEEDS DEMAND, HOWEVER CURRENT TREATMENT CAPACITY OF 9,100M3 PER DAY IS

EXPECTED TO BE FULLY UTILIZED BY 1979. THE NEW FACILITIES WILL RAISE CAPACITY TO 13,665 M3 PER DAY, THEREBY MEETING DEMAND THROUGH 1984. PRELIMINARY PLANS CALL FOR INCREASING CAPACITY IN 1984 BY A ADDITIONAL 10,000 M3 PER DAY, WHICH IS EXPECTED TO MEET DEMAND THROUGH 1990. DEMAND PROJECTIONS INCLUDE LEAKAGE IN DISTRIBUTION SYSTEM ESTIMATED AT 18 PERCENT OF WATER PRODUCED. EXECUTING AGENCY HOPES TO REDUCE LEAKAGE TO 14 PERCENT THROUGH SURVEYS OF DELIVERY SYSTEMS.

6. WATER SUBSCRIBERS PAY AN AMOUNT EQUAL TO APPROX US \$.57 PER 1,000 IMPERIAL GALLONS CONSUMED. THERE IS A MINIMUM CHARGE EQUAL TO APPROX US \$1.36 PER MONTH. PRESENT TARIFF STRUCTURE HAS BEEN IN EFFECT SINCE 1967. WATER FROM PUBLIC STANDPIPES IS FREE TO THE PUBLIC WITH METERED USAGE BEING CHARGED TO THE GOVERNMENT. STUDIES INDICATE THAT CHANGE IN TARIFFS TO ALLOW RECOVERY OF PROJECT COSTS OVER PROJECT LIFE WOULD NECESSITATE INCREASE OF PRESENT TARIFF BY 140
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 ABIDJA 04025 220957Z

PERCENT. GOL HAS COMMISSIONED A STUDY TO REVIEW TARIFF STRUCTURE, AND PRELIMINARY FINDINGS INDICATE THAT FINAL REPORT WILL RECOMMEND IMPLEMENTATION OF SYSTEM BASED ON ABILITY TO PAY. THE PROPOSED PROJECT WOULD PROVIDE OBVIOUS HEALTH BENEFITS TO THE POPULATION OF MASERU, WHILE PROVIDING ADEQUATE WATER SUPPLY NECESSARY FOR INDUSTRIAL AND COMMERCIAL DEVELOPMENT. STEARNS

NOTE BY OC/T: NOT PASSED.

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Message Attributes

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Decaption Note:
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Disposition Approved on Date:
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Disposition Comment:
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Disposition Event:
Disposition History: n/a
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